

## Message Text

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17

ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 AGR-05 AGRE-00 COME-00 TRSE-00

OPIC-03 XMB-02 L-03 H-02 FEA-01 PA-01 PRS-01 INT-05

CIAE-00 DODE-00 PM-04 INR-07 NSAE-00 NSC-05 SP-02

SS-15 USIA-06 OES-06 DOTE-00 FAA-00 EB-07 CAB-02

OMB-01 /099 W

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R 291524Z SEP 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 9845

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ECON, EFIN, EINV, CG

SUBJECT: MOBUTU TAKES LEAD IN PROMULGATING NEW LIBERALIZATION  
MEASURES

REF: KINSHASA 7878

1. ALTHOUGH THE MEASURES ANNOUNCED BY THE STABILIZATION COMMITTEE  
CONCERNING RETROCESSION PREVIOUSLY ZAIRIANIZED AND RADICALIZED  
COMPANIES TO FORMER OWNERS APPEARED IN AGENCE ZAIRE PRESS  
BULLETIN SEPT 18, NO MENTION WAS MADE OF THEM IN THE DAILY PRESS  
UNTIL A WEEK LATER. THIS FOLLOWED A FRIDAY, SEPT 24TH MEETING  
WITH GOVT AND PARTY LEADERS AS WELL AS HEADS OF OTHER MAJOR  
ORGANIZATIONS DURING WHICH MOBUTU PUBLICLY ASSOCIATED HIMSELF  
WITH THE COMMITTEE'S DECISION. HE ASSERTED MEASURES WERE  
NECESSARY TO BRING COUNTRY OUT OF CURRENT ECONOMIC SITUATION.  
IN ADDITION TO MINERALS AND ENERGY SECTOR REMAINING UNDER STATE  
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CONTROL, AS MENTIONED IN ORIGINAL ANNOUNCEMENT, HE ADDED THAT

THE TIMBER INDUSTRY, RIVER, LAKE AND MARITIME TRANSPORT, AS WELL AS THE RAILWAY AND AIRLINE SYSTEMS WILL ALSO REMAIN IN THE PUBLIC SECTOR.

2. THIS WAS UNDOUBTEDLY AN ACT OF POLITICAL COURAGE. (HOWEVER, HE DID LEAVE TOWN FOR A TOUR OF SOUTHERN AFRICA IMMEDIATELY AFTERWARD.) MANY OF THE ZAIRIAN ELITE WILL BE HURT BY THESE MEASURES. UNDOUBTEDLY, A NUMBER OF THEM WHO HAD COME TO HARMONIOUS ARRANGEMENTS WITH THE FORMER OWNERS WILL NOW FIND THEMSELVES MINORITY STOCKHOLDERS IN THE NEW SET-UP AND THUS STILL WELL OFF. THAT CORPS OF PRE-ZAIRIANIZATION ZAIRIAN BUSINESSMEN WHO, PRESUMABLY, WILL NOW GET THEIR RADICALIZED FIRMS RETURNED IN TOTO STAND TO GAIN MOST BY THIS STEP. NEXT COMES THOSE EXPATRIATE FORMER OWNERS WHO CHOSE TO STICK OUT THE ZAIRIANIZATION PERIOD IN SOME MANAGEMENT CAPACITY AND THEREFORE HAVE A BASE UPON WHICH THEY CAN COMMENCE REBUILDING A VIABLE OPERATION. HOWEVER, ACCORDING TO MOST VIEWS SAMPLED, IT UNLIKELY THERE WILL BE AN INFLUX OF FORMER EUROPEAN PROPRIETORS WHO HAD LEFT THE COUNTRY. IN MANY OF THESE CASES THEIR FORMER COMPANIES ARE BEYOND SALVAGING WITHOUT SIZEABLE REINVESTMENT. MEANWHILE THEY WOULD LIKELY FORFEIT ANY COMPENSATION CLAIMS. THEREFORE, WELCOME AS THESE MEASURES MAY BE IN TERMS OF THEIR IMPLICATIONS FOR FUTURE DIRECTION OF THE ECONOMY, THERE LITTLE LIKELIHOOD OF IMMEDIATE PAYOFF IN TERMS OF MAJOR REINVESTMENT ACTIVITY.

3. THERE REMAINS THE QUESTION OF HOW THESE MEASURES WILL BE IMPLEMENTED. CERTAINLY THERE WERE ENOUGH QUALIFIERS AND EXCEPTIONS IN THE STABILIZATION COMMITTEE'S ANNOUNCEMENT TO GIVE GOZ OFFICIALS MUCH LEEWAY IN INTERPRETING THEM. YET THE SUCCESSFUL IMPLEMENTATION OF THIS PROGRAM WILL REQUIRE MUCH FIRM, AS WELL AS HONEST, DIRECTION FROM ABOVE -- SOMETHING ALL TOO OFTEN IN SHORT SUPPLY ON THE LOCAL SCENE. THEN TOO, THERE IS THE WELL-KNOWN GOZ PENCHANT FOR ESTABLISHING GUIDELINES BASED ON CASE-BY-CASE DECISIONS. THEREFORE, THE FULL IMPLICATION OF THESE MEASURES FOR THE ECONOMY WILL ONLY GRADUALLY UNFOLD.  
CUTLER

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